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CAD Bulletin #89-4

TO: All Water Utilities
FROM: Barbara R. Alexander, Director, CAD *BA*
SUBJECT: Disconnection and Reconnection Charges

As you know, Chapter 81, Section 12, authorizes a utility to charge a reconnection fee following disconnection for nonpayment or other involuntary reasons. The fee can distinguish between regular business hours and after hours. Both reconnection fees must be disclosed on all disconnection notices according to Section 9(J).

Chapter 62, Section 2(G), authorizes a water utility to establish a reasonable charge when the customer requests reconnection ("resumption of service") after a customer request for disconnection. In these situations the customer has probably requested a temporary shutoff for repairs or vacancy.

As a result of a review of both existing and proposed rate schedules concerning reconnection fees, a number of questions have arisen that need clarification

1. Reconnection fees, whether filed pursuant to Chapter 81 or 62, must be specific. The fee can be stated as an average flat rate or as an hourly rate (with or without a minimum charge). The fee should not be listed in your rate schedules as "at cost". An example of a correct fee structure is: "\$10 during regular business hours and \$20 after - p.m." or "\$30 per hour with a minimum charge of \$15". Either approach will allow you to include the extra expenses incurred in an after hours reconnection. The reason for this specificity is that Chapter 81 in particular contemplated an actual charge disclosed to the customer on the disconnection notice. In

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addition, Maine law requires charges to be filed and approved by the Commission (35-A M.R.S.A. Section 304) and the description of the charge as "at cost" does not meet the requirement that the Commission review utility charges before approving them.

These reconnection fees are regulated by the Commission. They are not unregulated "jobbing" activities. Therefore, the rate should be specified and should be based on actual time spent or on average costs.

2. Some water utilities have sought to file a separate charge for both a requested disconnection and reconnection. Chapter 62 does not specifically authorize a fee for disconnection. Utilities may structure their reconnection fee in these situations to cover both the turn off and the turn on visit.

3. Neither Chapter 62 or 81 authorize a charge to new customers to establish the account or to turn on the existing meter. However, the Commission has approved this type of charge for many electric, gas and telephone utilities. This fee should be cost based. Unless a water utility has a separate "establishment fee", it cannot charge a new customer a connection charge based on the fees authorized by Chapter 62 or 81 because the Chapter 62/81 fees are applicable only to existing customers whose services have been disconnected.

Utilities that seek to clarify or amend existing rate schedules may do so according to the procedures described in Chapter 12 of the Commission rules.

You may contact Dawn Dosedlo of the CAD if you have a question about interpreting this Bulletin. You should also call Marjorie Marcotte at the Commission if you have a question on how to file or amend your rate schedules or terms or conditions according to Chapter 12.

This is an informal staff interpretation of Chapter 81. You, of course, have the right to request a more formal Advisory Ruling from the Commission pursuant to Chapter 11, Section 5 of the Commission's Rules.

BA/bh